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FISCAL IMPACT REPORT

ORIGINAL DATE 1/21/2008

SPONSOR Moore LAST UPDATED _____ HB 56

SHORT TITLE NMSU Cooperative Extension Service Station SB _____

ANALYST McOlash

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY08	FY09		
	\$1,000.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to Appropriation in the General Appropriation Act

SOURCES OF INFORMATION

LFC Files

Responses Received From

New Mexico State University – Agriculture & Home Economics (NMSU-AEH)

New Mexico Higher Education Department (NMHED)

SUMMARY

Synopsis

House Bill 56 appropriates \$1,000,000 from the General Fund for FY09 to the Board of Regents for New Mexico State University (NMSU) to support the operation of NMSU's Cooperative Extension Service (CES) and Agricultural Experiment Station (AES). NMSU indicates \$500,000 would be directed to each entity.

FISCAL IMPLICATIONS

The appropriation of \$1,000,000 contained in this bill is a recurring expense to the General Fund. Any unexpended or unencumbered balance remaining at the end of FY09 shall revert to the General Fund.

SIGNIFICANT ISSUES

The NMSU Agricultural & Home Economics analysis indicates that:

Neither AES nor CES have received increases in funds to offset the increases in costs to operate in the past eighteen years. The cost of fuel and petroleum based

products has increased sharply over the past several years. The AES and CES faculty and staff travel extensively throughout the state by automobile. The relevancy of AES and CES work many times depends upon the ability of the employees to be on site with farmers, ranchers, and with related value added industries. Costs to operate demonstration farms includes fuel to operate irrigation wells, farm equipment, purchase petroleum based fertilizers, etc.

This request was submitted by NMSU to the New Mexico Higher Education Department (NMHED) for review and is included in the Department's funding recommendation for FY09.

The Legislative Finance Committee recommendation includes a \$44.9 increase for the AES from \$15,230.9 (FY08) to \$15,275.8 (FY09) and level funding of \$12,257.8 for the CES.

OTHER SUBSTANTIVE ISSUES

The following table, provided by NMSU, illustrates the funding history in unrestricted funds for AES and CES from fiscal year 1990 to fiscal year 2006:

Agricultural Experiment Station:

Revenues:	FY 1990	FY 2006
State Appropriations	\$ 7,041,700	\$ 13,547,904
Sales and Services	\$ 844,998	\$ 1,585,367
Total	\$ 7,886,698	\$ 15,133,271

Expenditures:	FY 1990	FY 2006
Personnel Service Costs	\$ 5,763,206	\$ 11,401,424
Travel	\$ 220,675	\$ 492,379
Operations Expenses	\$ 1,579,161	\$ 3,284,611
Equipment	\$ 144,105	\$ 444,029
Total Expenditures	\$ 7,707,147	\$ 15,622,443

Increase in Unrestricted Funding from 1990 to 2006	92%
Increase in Non-Personnel Service Costs from 1990 to 2006	117%

Cooperative Extension Service:

Revenues:	FY 1990	FY 2006
State Appropriations	\$ 5,169,600	\$ 10,289,154
Sales and Services	\$ 12,404	\$ 607,661
Total	\$ 5,182,004	\$ 10,896,815

Expenditures:	FY 1990	FY 2006
Personnel Service Costs	\$ 4,250,875	\$ 8,878,934
Travel	\$ 308,640	\$ 652,512
Operations Expenses	\$ 536,975	\$ 2,008,207
Equipment	\$ 85,690	\$ 122,147
Total Expenditures	\$ 5,182,180	\$ 11,661,800

Increase in Unrestricted Funding from 1990 to 2006	110%
Increase in Non-Personnel Service Costs from 1990 to 2006	199%

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While funding for personnel service costs have been secured, funding for the costs that are unavoidable to any operation have caused a short fall in funding to maintain levels of service to the citizenry of the state.

It is not clear from the NMSU data how operating revenues and costs have not been offset.

BM/bb